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September 11, 2008

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

Re.: Notice of Ex Parte; CC Docket No. 96-45; WC Docket No. 01-92; WC Docket No. 06-122; WC Docket. 08-152

Dear Ms. Dortch:

On September 11, 2008 Jim Frame, Patricia Chirico, John Ricker and the undersigned, all of NECA, met with Don Stockdale, Randy Clarke, Marcus Maher, Jeremy Marcus, Alex Minard, Al Lewis, Jennifer McKee, Victoria Goldberg, Lynne Engledow, Nick Degani, Rebekah Goodheard, Ted Burmeister, Doug Slotten, Jay Atkinson, Katie King, Chris Killion, and Paula Silberthau.

The same NECA parties also met separately with Amy Bender on September 11, 2008.

In both meetings, we presented NECA's views on achieving successful intercarrier compensation reform and universal service reform, as outlined in the attached material, used in the meeting.

Questions regarding this material or NECA's views may be directed to my attention.

Sincerely,

A handwritten signature in black ink that reads "Joe A. Douglas".

Attachment

Cc: Amy Bender  
Don Stockdale  
Randy Clarke  
Marcus Maher  
Jeremy Marcus  
Alex Minard  
Chris Killion  
Paula Silberthau  
Al Lewis  
Victoria Goldberg  
Jennifer McKee  
Lynn Engledow  
Katie King

Nick Degani  
Rebekah Goodheard  
Doug Slotten  
Jay Atkinson  
Ted Burmeister

## Key Elements for Successful ICC Reform

- **FCC should take immediate action to address current intercarrier reform problems:**
  - Confirm that access charges apply to all interexchange traffic terminated on the PSTN, including interconnected VoIP.
  - Take interim action on phantom traffic, starting with call signaling rules.
    - NECA's January 2008 signaling petition outlines reasonable interim steps.
  - Find ways to permit carriers to charge *unified* termination rates.
    - E.g., AT&T/Embarq proposals to unify price cap company rates at interstate access levels.
    - Since MAG, interstate access rates for rate of return carriers are cost-based.
    - Unifying intrastate rates at interstate levels requires a *long-term* alternative cost recovery mechanism for rate of return carriers (e.g., "LSS2" concept).
  - Refrain from imposing "one size fits all" uniform termination rate (e.g., \$.0007/minute) on rate of return carriers.
    - Filed NECA data shows proposed \$.0007/minute rate doesn't even cover pool members' cost of billing, let alone network costs.
    - Mandatory below-cost rates are likely to result in network abuse, new forms of uneconomic arbitrage, and unnecessary legal challenges.
- **Reform efforts should focus on Broadband issues as next step.**
  - Action on minutes-based ICC reform is important, but switched access revenue requirements are trending downward. Special Access/Broadband services are "where the action is."
  - FCC should initiate separate proceeding on intercarrier cost recovery for the Broadband age following immediate actions described above.
- **NECA stands ready to help the Commission implement interim and long-term Reform.**
  - In-place systems can be readily adapted to incorporate revised access charge & USF mechanisms.

## Key Elements for Successful USF Reform

- **The Commission should adopt the Joint Board’s Recommendation for separate “Provider of Last Resort” funding.**
  - Recognizes different regulatory requirements imposed on POLRs
  - Leaves existing mechanisms in place for the time being
    - Based on embedded costs for rate of return carriers
  - Additional caps on POLR funding are unwarranted.
- **Identical Support rule should be eliminated.**
  - FCC should consider Joint Board’s proposal for separate mobility and broadband funding. However, CETC support should be:
    - Cost-based
    - Available only to facilities-based providers willing to provide open access to networks (*e.g.*, Panhandle proposal)
- **Reverse Auctions should not be used to determine ILEC support.**
  - Reverse Auction concept is fundamentally inconsistent with POLR obligations.
  - “Hyper-regulatory” auction proposals are fundamentally unworkable.
- **USF Contribution base should be expanded to include broadband services.**
  - Contribution base should be as broad as possible, including broadband connections.